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NSC BRIEFING

22 March 1955

THE SITUATION IN SOUTH VIETNAM

- I. Diem's plans to deal with the sects facing setback.**
 - A. Plan has been to buy off subordinate commanders until military strength of remainder can be dealt with by army.**
 - B. But those bought off don't always stay bought and army not in shape to play its part.**
- II. New sect coalition that delivered "ultimatum" to premier on 20 March joined by Cao Dai Generals Phoung and The who had stayed clear of earlier antigovernment manifesto.**
 - A. Phoung stayed loyal in last go around after getting bribe of over \$100,000.**
 - B. The, who had rallied to government with much fanfare, has received about half of premier's confidential funds.**
 - C. Had been told to deploy his troops in manner to counterbalance Binh Xuyen.**
 - D. But army commander near Saigon now uneasy at finding his units sandwiched between The and Binh Xuyen.**

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- 2 - CONFIDENTIAL

E. Meanwhile, the Binh Xuyen's holdings are sufficiently lucrative as not only to put it beyond any price Diem can raise but to permit it to do its own bribing.

1. Their price tag for relinquishing Saigon police is over \$1 million.
2. They got Cao Dai pope to earlier sign manifesto by gift of 1955 Oldsmobile.

III. Army forces greatly outnumber sects but are dispersed; and defense minister has no stomach for showdown.

- A. Diem states army morale is low largely as result of arbitrary dismissals by defense minister.
- B. Latter reportedly worried that Diem will take tough line and force a fight with sects.

IV. "Ultimatum" of 20 March gave Diem five days to reorganize government in undefined manner.

- A. After that, sect leaders would "appeal to the people."
- B. Prospect is that sects will seek maximum squeeze rather than attempt coup.
- C. But Diem can make little progress on a broad front until sect problem is solved.

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